



# CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:** Adopt a resolution authorizing the City Manager to execute Amendment 3 to United States of America Department of Energy Western Area Power Administration (Western) Contract 96-SNR-00110 with the City of Lodi for the Funding of Power Operation and Maintenance for Central Valley Project Power Facilities (EUD)

**MEETING DATE:** May 7, 2003

**PREPARED BY:** Electric Utility Director

**RECOMMENDED ACTION:** That the City Council adopt a resolution authorizing the City Manager to execute Amendment 3 to United States of America Department of Energy Western Area Power Administration (Western) Contract 96-SNR-00110 with the City of Lodi for the Funding of Power Operation and Maintenance for Central Valley Project Power Facilities.

**BACKGROUND INFORMATION:** As part of the annual City of Lodi Electric Utility Department's (EUD) renewal of Western Area Power Administration (Western) resources, Contract 96-SNR-00110 for the Funding of Power Operation and Maintenance for Central Valley Project Power Facilities (EUD) provides for continuation of the Western resource. The Western resource is a below market resource.

**FUNDING:** None: Within Current Power Budget

Alan N. Vallow  
Electric Utility Director

**PREPARED BY:** Boris Prokop, Power Supply & Rates Manager

ANV/BP/lst

C: City Attorney  
Finance Director

**APPROVED:**

  
H. Dixon Flynn - City Manager

Contract No. 96-SNR-00110  
Amendment No. 3

UNITED STATES  
DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION  
SIERRA NEVADA CUSTOMER SERVICE REGION,  
CENTRAL VALLEY PROJECT, CALIFORNIA  
AND

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION  
MID-PACIFIC REGION  
AND CENTRAL VALLEY PROJECT CUSTOMERS

AMENDMENT NO. 3 TO THE  
AGREEMENT FOR THE FUNDING OF POWER OPERATION AND MAINTENANCE  
FOR  
CENTRAL VALLEY PROJECT POWER FACILITIES

UNITED STATES  
DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION  
SIERRA NEVADA CUSTOMER SERVICE REGION  
CENTRAL VALLEY PROJECT, CALIFORNIA  
AND  
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION  
MID-PACIFIC REGION  
AND  
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4 UNITED STATES  
5 DEPARTMENT OF ENERGY  
6 WESTERN AREA POWER ADMINISTRATION  
7 SIERRA NEVADA CUSTOMER SERVICE REGION,  
8 CENTRAL VALLEY PROJECT, CALIFORNIA  
9 AND  
10 UNITED STATES  
11 DEPARTMENT OF THE INTERIOR  
12 BUREAU OF RECLAMATION  
13 MID-PACIFIC REGION  
14 AND  
15 CENTRAL VALLEY PROJECT CUSTOMERS  
16 AMENDMENT NO. 3 TO THE  
17 AGREEMENT FOR THE FUNDING OF POWER OPERATION AND MAINTENANCE  
18 FOR  
19 CENTRAL VALLEY PROJECT POWER FACILITIES  
20

21 1. **PREAMBLE:** This Amendment to Contract No. 96-SNR-00110 (Primary  
22 Agreement) is made this 16th day of April, 2003, between the  
23 UNITED STATES OF AMERICA (United States), (1) acting by and through the  
24 Administrator, Western Area Power Administration, Department of Energy (Western),  
25 represented by the Regional Manager, Sierra Nevada Customer Service Region, the  
26 officer executing this Agreement, or a duly appointed successor, and (2) acting by and  
27 through the Commissioner, Bureau of Reclamation, Department of the Interior  
28 (Reclamation), represented by the Regional Director, Mid-Pacific Region; and the

Central Valley Project (CVP) preference power customers signing this Amendment as set forth in Exhibit A of the Primary Agreement, all collectively called Parties.

**2. EXPLANATORY RECITALS:**

2.1 Western, Reclamation, and the CVP preference power customers entered into the Primary Agreement on November 12, 1997.

2.2 The Parties have determined that several sections of the Primary Agreement need to be modified to eliminate the Capital Improvement Project (CIP) threshold. This will enable the Agencies to accept Customer contributions under the Primary Agreement for CIP in addition to funding annual Operation and Maintenance (O&M) expenses.

2.3 Elimination of the CIP threshold will increase the ability of the customers to fund a CIP with repayment in excess of one year.

**3. AGREEMENT:** In consideration of the mutual benefits to be received through this Agreement, the Parties agree to the terms and conditions set forth herein.

**4. TERM OF AMENDMENT:** This Amendment shall become effective upon execution by all Parties and shall remain in effect concurrently with the Primary Agreement.

**5. MODIFICATIONS TO THE PRIMARY AGREEMENT:** The following modifications have been made to the Primary Agreement:

**5.1 Modification to Section 5.13:** A new sentence has been added to Section 5.13 after the word "services". Section 5.13 now reads as follows:

///

1       **"5.13 O&M Activities:** Those actions and work elements to be performed  
2       to continue the safe, economic, reliable, and environmentally acceptable  
3       operation of the CVP power facilities including power related programs such  
4       as marketing, rates, studies, billing and energy services. These activities  
5       include annual O&M (which are recorded as annual expenses) and CIP  
6       (which are recorded as capitalized assets)."

7  
8       **5.2    Modification to Section 6.5:** Section 6.5 is deleted in its entirety and the  
9       following language substituted:

10       **"6.5 Capital Improvement Project:** A list of prioritized CIP will be  
11       maintained by each Agency and shall be included in the Agency's  
12       respective preliminary O&M Work Plan(s)."

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14       **5.3    Modification to Section 8.3.4:** Section 8.3.4 is deleted in its entirety and  
15       the following language substituted:

16       **"8.3.4 Recording Contributions:** Contributions used during any fiscal  
17       year will be recorded in the CVP power repayment study. Contributions  
18       used to finance Agencies annual O&M activities will be recorded in the CVP  
19       power repayment study as annual expenses. Contributions used to finance  
20       Agencies CIP will be recorded in the CVP power repayment study as  
21       capitalized assets, which are recovered over the life of the asset."

22  
23       **5.4    Modification to Section 8.4:** Section 8.4 is deleted in its entirety and the  
24       following language substituted:

25       **"8.4 CIP FUNDING:** Unless otherwise agreed to by the Governance Board,  
26       the Agencies will continue to seek appropriations for funding CIP. When  
27       appropriations or Customer contributions are used, repayment of CIP will be

28       ///

1 in accordance with repayment requirements set forth in the Agencies'  
2 policies on repayment of investment."  
3

4 **5.5 Modification to Section 10.5.3 (3):** Section 10.5.3 (3) is deleted in its  
5 entirety and the following language substituted:

6 "10.5.3 (3) Expenditure thresholds for Emergency, and reprogramming;"  
7

8 **6. PRIMARY AGREEMENT TO REMAIN IN EFFECT:** Except as expressly  
9 modified by this amendment, said Primary Agreement shall remain in full force and  
10 effect; and this Amendment shall be subject to all provisions of the Primary Agreement,  
11 excerpt as herein amended.  
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13 **7. EXECUTION IN COUNTERPART:** This Agreement may be executed in a  
14 number of counterparts and shall constitute a single document with the same force and  
15 effect as if each Party had signed all other counterparts.

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**AUTHENTICATED COPY**

Contract No. 96-SNR-00110

Amendment No. 3

1       **IN WITNESS WHEREOF**, the Parties have caused this Amendment to the  
2 Primary Agreement to be executed the day and year first above written. The signatories  
3 hereto represent that they have been appropriately authorized to enter into this  
4 Agreement on behalf of the Party for whom they sign.

5  
6       WESTERN AREA POWER ADMINISTRATION

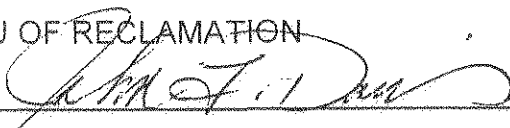
7       By: 

8       Title:       Regional Manager

9       Address:     114 Parkshore Drive

10                   Folsom, CA 95630-4710

11  
12  
13       BUREAU OF RECLAMATION

14       By: 

15       Title:     Regional Director

16       Address:    Mid-Pacific Region

17                   2800 Cottage Way

18                   Sacramento, CA 95825

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**AUTHENTICATED COPY**



IN WITNESS WHEREOF, the Parties have caused this Amendment to the  
Primary Agreement to be executed the day and year first above written. The signatories  
hereto represent that they have been appropriately authorized to enter into this  
Agreement on behalf of the Party for whom they sign.

CITY OF LODI

By: H. DIXON FLYNN

Title: CITY MANAGER

Attest:

By: SUSAN BLACKSTON

Address: 221 W. PINE STREET

Title: CITY CLERK

LODI CA 95240

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/// APPROVED AS TO FORM

BY: *Randall A. Hays*  
RANDALL A. HAYS,  
CITY ATTORNEY

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RESOLUTION NO. \_\_\_\_\_

BE IT RESOLVED BY THE \_\_\_\_\_ OF \_\_\_\_\_

\_\_\_\_\_;

The \_\_\_\_\_ is authorized, on behalf of

\_\_\_\_\_ to execute this Amendment No. 3 to:

Western Area Power Administration Contract No. 96-SNR-00110.

Adopted: \_\_\_\_\_

RESOLUTION NO. 2003-76

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING  
AMENDMENT 3 TO UNITED STATES OF AMERICA DEPARTMENT OF  
ENERGY WESTERN AREA POWER ADMINISTRATION CONTRACT NO.  
96-SNR-00110 WITH THE CITY OF LODI FOR THE FUNDING OF POWER  
OPERATION AND MAINTENANCE FOR CENTRAL VALLEY PROJECT  
POWER FACILITIES, AND FURTHER AUTHORIZING THE CITY MANAGER  
TO EXECUTE SAID DOCUMENTS ON BEHALF OF THE CITY OF LODI

=====

BE IT RESOLVED that the City Council of the City of Lodi does hereby approve  
Amendment 3 to United States of America Department of Energy Western Area Power  
Administration Contract No. 96-SNR-00110 with the City of Lodi for the funding of Power  
Operation and Maintenance for Central Valley Project Power Facilities; and

BE IT FURTHER RESOLVED that the City Manager is hereby authorized and directed  
to execute said documents on behalf of the City of Lodi.

Dated: May 7, 2003

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I hereby certify that Resolution No. 2003-76 was passed and adopted by the City  
Council of the City of Lodi in a regular meeting held May 7, 2003, by the following vote:

AYES: COUNCIL MEMBERS – Beckman, Hansen, Howard, Land, and Mayor  
Hitchcock

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None

  
SUSAN J. BLACKSTON  
City Clerk